

HOUSE BILL 1188

Unofficial Copy  
F2

2004 Regular Session  
(4lr2232)

**ENROLLED BILL**

-- Appropriations and Ways and Means/Budget and Taxation --

Introduced by **Delegates Jones, Conway, Busch, Barkley, Barve, Bohanan, Bozman, Branch, Cadden, Cardin, G. Clagett, DeBoy, Franchot, Gaines, Goodwin, Haynes, Healey, Heller, Hixson, Howard, King, Madaleno, Marriott, McIntosh, Moe, Niemann, Paige, Patterson, Proctor, Ramirez, Ross, Rudolph, and F. Turner**

Read and Examined by Proofreaders:

\_\_\_\_\_  
Proofreader.

\_\_\_\_\_  
Proofreader.

Sealed with the Great Seal and presented to the Governor, for his approval this  
\_\_\_\_ day of \_\_\_\_\_ at \_\_\_\_\_ o'clock, \_\_\_\_M.

\_\_\_\_\_  
Speaker.

CHAPTER \_\_\_\_\_

1 AN ACT concerning

2 **Higher Education Affordability and Access Act of 2004 - Supplementary**  
3 **Appropriation**

4 FOR the purpose of limiting, to no more than a certain percent for certain academic  
5 years, the amount of the annual increase in tuition that may be charged each  
6 academic year to a resident undergraduate student at certain public senior  
7 higher education institutions in Maryland; providing that a certain tuition  
8 limitation only applies if certain appropriations in certain fiscal years have  
9 increased a certain amount over the preceding fiscal year; requiring the  
10 Governor to include a certain increase in the annual budget submission for  
11 certain fiscal years for the University System of Maryland and Morgan State  
12 University; providing that certain funding may not supplant certain funding to  
13 certain public senior higher education institutions; establishing the Higher

1 Education Investment Fund; specifying that the Fund is a special, nonlapsing  
2 fund, that the State Treasurer shall hold the Fund separately, and that the  
3 Comptroller shall account for the Fund; specifying that the Fund consists of  
4 certain revenues and other moneys accepted for certain purposes; requiring  
5 certain investment earnings to be credited to the Fund; allowing the Fund to be  
6 used only for certain purposes and under certain circumstances; requiring the  
7 transfer of any balance in the Fund at the end of a certain fiscal year to the  
8 General Fund; authorizing the Governor to include up to a certain amount from  
9 the Fund to make certain appropriations for certain fiscal years; requiring  
10 certain governing boards to establish certain enrollment policies; requiring a  
11 nonpublic institution of higher education that receives State financial  
12 assistance to submit a certain report to the Maryland Higher Education  
13 Commission; ~~requiring the Board of Regents of the University System of~~  
14 ~~Maryland to submit a certain report before taking certain cost containment~~  
15 ~~actions; requiring certain committee meetings of the Board to be open and~~  
16 ~~certain schedules and reports to be available for public disclosure~~; requiring the  
17 Board to establish a minimum level of tuition for certain students based on a  
18 certain calculation; ~~prohibiting the number of out of state undergraduate~~  
19 ~~students from exceeding a certain percentage of the student body at certain~~  
20 ~~institutions of the University System of Maryland~~; altering the calculation of  
21 certain State appropriations to community colleges, including Baltimore City  
22 Community College, and the Joseph A. Sellinger Program for certain fiscal  
23 years; imposing a certain surcharge on the Maryland taxable income of  
24 corporations for certain taxable years; providing for the imposition of certain  
25 interest and penalties under certain circumstances; prohibiting the imposition of  
26 certain interest or penalties under certain circumstances; requiring the  
27 Comptroller to distribute the revenues from the surcharge to the Higher  
28 Education Investment Fund rather than to the State General Fund and certain  
29 special funds; providing for legislative appropriations for a certain fiscal year of  
30 certain revenues derived as a result of this Act; requiring the Board of Regents  
31 of the University System of Maryland to study certain issues and submit certain  
32 reports by certain dates; requiring the Board of Regents of Morgan State  
33 University to submit a certain report by a certain date; requiring the University  
34 System of Maryland to attain certain savings of a certain amount in a certain  
35 fiscal year; establishing a commission to study the coordination, funding,  
36 educational delivery, and State commitment to higher education in the State;  
37 providing for the membership and appointment of the chairman of the  
38 commission; requiring the commission to solicit the views of certain groups in its  
39 deliberations; requiring the commission to engage certain services to conduct a  
40 certain study of funding needs for the University System of Maryland; requiring  
41 the commission to report its findings and recommendations to the Governor and  
42 the General Assembly; providing for the staffing of the commission; declaring the  
43 intent of the General Assembly; defining certain terms; providing for the  
44 application of this Act; and generally relating to State funding for tuition,  
45 management, finance, admissions and enrollment policies at certain public  
46 senior higher education institutions in Maryland.

47 BY repealing and reenacting, with amendments,

1 Article - Education  
 2 Section 10-211, 16-305(c)(1), 16-512(a), and 17-104  
 3 Annotated Code of Maryland  
 4 (2001 Replacement Volume and 2003 Supplement)

5 BY adding to  
 6 Article - Education  
 7 Section 12-114, 12-115, 14-104(o), and 15-106.3  
 8 Annotated Code of Maryland  
 9 (2001 Replacement Volume and 2003 Supplement)

10 BY repealing and reenacting, with amendments,  
 11 Article - Tax - General  
 12 Section 2-614, 2-615, 10-101(j), 10-102, and 10-105(b)  
 13 Annotated Code of Maryland  
 14 (1997 Replacement Volume and 2003 Supplement)

15 BY adding to  
 16 Article - Tax - General  
 17 Section 2-613.1  
 18 Annotated Code of Maryland  
 19 (1997 Replacement Volume and 2003 Supplement)

20 SECTION 1. BE IT ENACTED BY THE GENERAL ASSEMBLY OF  
 21 MARYLAND, That the Laws of Maryland read as follows:

22 **Article - Education**

23 10-211.

24 (a) The nonpublic institutions of higher education in the State are an  
 25 important educational resource and are vital to the provision of postsecondary  
 26 education in the State.

27 (b) The State shall continue to provide financial aid as provided by law to  
 28 nonpublic institutions of higher education to foster this important educational  
 29 resource.

30 (C) A NONPUBLIC INSTITUTION OF HIGHER EDUCATION THAT RECEIVES  
 31 STATE FINANCIAL AID SHALL SUBMIT A REPORT ANNUALLY TO THE COMMISSION  
 32 RELATING TO THE SCHOLARSHIPS AND GRANTS THE NONPUBLIC INSTITUTION  
 33 AWARDED TO MARYLAND STUDENTS.

34 12-114.

35 ~~(A)~~ IT IS THE INTENT OF THE GENERAL ASSEMBLY THAT THE UNIVERSITY  
 36 SYSTEM OF MARYLAND IMPROVE ITS EFFECTIVENESS AND EFFICIENCY AND

1 REDUCE ITS COST STRUCTURE BY BECOMING THE NATIONAL LEADER IN  
 2 TRANSFORMING THE BUSINESS MODEL OF PUBLIC HIGHER EDUCATION TO PROVIDE  
 3 WORLD CLASS EDUCATION, RESEARCH, AND PUBLIC SERVICE AT BELOW AVERAGE  
 4 COSTS.

5 ~~(B) IN ANY FISCAL YEAR IN WHICH THE BOARD OF REGENTS IMPLEMENTS~~  
 6 ~~COST CONTAINMENT MEASURES, BEFORE ADMINISTERING ANY LAYOFFS OR~~  
 7 ~~REDUCTIONS TO STUDENT SERVICES, THE BOARD SHALL SUBMIT, IN ACCORDANCE~~  
 8 ~~WITH § 2-1246 OF THE STATE GOVERNMENT ARTICLE, A REPORT TO THE GENERAL~~  
 9 ~~ASSEMBLY DELINEATING ALTERNATIVE MEASURES THAT WERE CONSIDERED TO~~  
 10 ~~CONTAIN COSTS, INCLUDING EFFORTS TO REDUCE ADMINISTRATIVE COSTS.~~

11 ~~(C) THE AUDIT COMMITTEE MEETINGS OF THE BOARD OF REGENTS SHALL BE~~  
 12 ~~OPEN TO THE PUBLIC AND INTERNAL AUDIT SCHEDULES AND REPORTS SHALL BE~~  
 13 ~~AVAILABLE FOR PUBLIC DISCLOSURE.~~

14 12-115.

15 ~~(A) (1) EXCEPT AS PROVIDED IN PARAGRAPH (2) OF THIS SUBSECTION, THE~~  
 16 ~~NUMBER OF OUT OF STATE UNDERGRADUATE STUDENTS ATTENDING A~~  
 17 ~~CONSTITUENT INSTITUTION MAY NOT EXCEED 30% OF ITS TOTAL UNDERGRADUATE~~  
 18 ~~STUDENT BODY.~~

19 ~~(2) THIS SUBSECTION DOES NOT APPLY TO:~~

20 ~~(I) UNIVERSITY OF MARYLAND, UNIVERSITY COLLEGE;~~

21 ~~(II) UNIVERSITY OF MARYLAND, EASTERN SHORE;~~

22 ~~(III) BOWIE STATE UNIVERSITY;~~

23 ~~(IV) COPPIN STATE COLLEGE; AND~~

24 ~~(V) ALL STUDENTS ENROLLED EXCLUSIVELY IN DISTANCE~~  
 25 ~~EDUCATION PROGRAMS.~~

26 ~~(B) (1) (A) THE BOARD OF REGENTS SHALL ESTABLISH A MINIMUM LEVEL~~  
 27 ~~OF TUITION FOR AN OUT-OF-STATE UNDERGRADUATE STUDENT ENROLLED AT A~~  
 28 ~~CONSTITUENT INSTITUTION THAT IS EQUAL TO THE COST OF EDUCATING THE~~  
 29 ~~STUDENT, UNLESS THE BOARD FINDS THAT THERE IS A COMPELLING REASON TO~~  
 30 ~~SET THE TUITION AT A LOWER RATE.~~

31 ~~(2) (B) THE CALCULATION OF THE COST OF EDUCATION REQUIRED IN~~  
 32 ~~PARAGRAPH (1) OF THIS SUBSECTION SUBSECTION (A) OF THIS SECTION SHALL~~  
 33 ~~INCLUDE CHARGES FOR FACILITIES RENEWAL, EQUIPMENT FOR NEW FACILITIES,~~  
 34 ~~ACADEMIC REVENUE BOND DEBT EXPENSES, AND OTHER CHARGES AS~~  
 35 ~~APPROPRIATE, RELATED TO THE COST OF BUILDING AND OPERATING~~  
 36 ~~STATE-SUPPORTED FACILITIES.~~

1 14-104.

2 (O) IT IS THE INTENT OF THE GENERAL ASSEMBLY THAT MORGAN STATE  
3 UNIVERSITY IMPROVE ITS EFFECTIVENESS AND EFFICIENCY AND REDUCE ITS COST  
4 STRUCTURE BY BECOMING THE NATIONAL LEADER IN TRANSFORMING THE  
5 BUSINESS MODEL OF PUBLIC HIGHER EDUCATION TO PROVIDE WORLD CLASS  
6 EDUCATION, RESEARCH, AND PUBLIC SERVICE ~~AT BELOW AVERAGE COSTS.~~

7 15-106.3.

8 (A) (1) IN THIS SECTION THE FOLLOWING WORDS HAVE THE MEANINGS  
9 INDICATED.

10 (2) "ACADEMIC YEAR" MEANS THE PERIOD COMMENCING WITH THE  
11 FALL SEMESTER AND CONTINUING THROUGH THE IMMEDIATELY FOLLOWING  
12 SUMMER SESSION AT A PUBLIC SENIOR HIGHER EDUCATION INSTITUTION.

13 (3) "FUND" MEANS THE HIGHER EDUCATION INVESTMENT FUND.

14 (4) "GOVERNING BOARD" MEANS:

15 (I) THE BOARD OF REGENTS OF THE UNIVERSITY SYSTEM OF  
16 MARYLAND; AND

17 (II) THE BOARD OF REGENTS OF MORGAN STATE UNIVERSITY.

18 (5) "PUBLIC SENIOR HIGHER EDUCATION INSTITUTION" HAS THE  
19 MEANING STATED IN § 10-101(J)(1) AND (2) OF THIS ARTICLE.

20 (6) (I) "TUITION" MEANS THE CHARGES AND FEES APPROVED BY THE  
21 GOVERNING BOARD OF A PUBLIC SENIOR HIGHER EDUCATION INSTITUTION WHICH  
22 ARE REQUIRED OF ALL UNDERGRADUATE RESIDENT STUDENTS BY THE  
23 INSTITUTION AS A CONDITION OF ENROLLMENT REGARDLESS OF THE STUDENT'S  
24 DEGREE PROGRAM, FIELD OF STUDY, OR SELECTED COURSES.

25 (II) "TUITION" DOES NOT INCLUDE:

26 1. FEES DEDICATED TO SUPPORT AUXILIARY ENTERPRISES  
27 AND OTHER SELF-FUNDED ACTIVITIES OF A PUBLIC SENIOR HIGHER EDUCATION  
28 INSTITUTION; OR

29 2. A FEE REQUIRED ONLY FOR ENROLLMENT IN A SPECIFIC  
30 DEGREE PROGRAM, FIELD OF STUDY, OR COURSE WHEN THAT FEE IS NOT REQUIRED  
31 OF UNDERGRADUATE RESIDENT STUDENTS AT THE PUBLIC SENIOR HIGHER  
32 EDUCATION INSTITUTION FOR ENROLLMENT IN OTHER DEGREE PROGRAMS, FIELDS  
33 OF STUDY, OR COURSES.

34 (B) (1) FOR FISCAL YEARS 2006 ~~THROUGH 2008~~ AND 2007 ONLY, AND  
35 SUBJECT TO PARAGRAPH (2) OF THIS SUBSECTION, THE GOVERNOR SHALL INCLUDE  
36 IN THE ANNUAL BUDGET SUBMISSION AN INCREASE IN THE AGGREGATE AMOUNT

1 OF GENERAL FUND AND HIGHER EDUCATION INVESTMENT FUND SUPPORT FOR THE  
2 UNIVERSITY SYSTEM OF MARYLAND, AND MORGAN STATE UNIVERSITY,  
3 RESPECTIVELY, OF AT LEAST 5% OVER THE PREVIOUS FISCAL YEAR.

4 (2) IN MEETING THE REQUIREMENTS OF THIS SUBSECTION, THE  
5 GOVERNOR MAY INCLUDE NO MORE THAN ~~3%~~ 60% OF THE CUMULATIVE FUNDING  
6 INCREASE FOR FISCAL YEARS ~~2006~~ 2005 THROUGH ~~2008~~ 2007 FROM THE HIGHER  
7 EDUCATION INVESTMENT FUND.

8 (3) THE FUNDING REQUIREMENTS OF THIS SUBSECTION REPRESENT A  
9 MINIMUM LEVEL OF GENERAL FUND AND HIGHER EDUCATION INVESTMENT FUND  
10 SUPPORT THAT THE GOVERNOR MAY EXCEED AS STATE RESOURCES PERMIT.

11 (4) FUNDING DISTRIBUTED UNDER THIS SUBSECTION MAY NOT BE  
12 USED TO SUPPLANT FUNDING OTHERWISE DISTRIBUTED IN ACCORDANCE WITH THE  
13 STATE'S PARTNERSHIP AGREEMENT WITH THE UNITED STATES DEPARTMENT OF  
14 EDUCATION, OFFICE OF CIVIL RIGHTS TO:

15 (I) BOWIE STATE UNIVERSITY;

16 (II) COPPIN STATE COLLEGE;

17 (III) MORGAN STATE UNIVERSITY; OR

18 (IV) UNIVERSITY OF MARYLAND, EASTERN SHORE.

19 (C) (1) SUBJECT TO PARAGRAPHS (2) AND (3) OF THIS SUBSECTION, FOR THE  
20 ACADEMIC YEAR BEGINNING IN THE FALL OF 2004 AND EACH ACADEMIC YEAR  
21 THROUGH THE FALL OF ~~2007~~ 2006, A GOVERNING BOARD MAY NOT APPROVE, AND A  
22 PUBLIC SENIOR HIGHER EDUCATION INSTITUTION MAY NOT IMPOSE, AN INCREASE  
23 IN THE TUITION CHARGED FOR AN ACADEMIC YEAR TO A RESIDENT  
24 UNDERGRADUATE STUDENT AT THE INSTITUTION THAT EXCEEDS 5% OF THE  
25 AMOUNT CHARGED FOR TUITION AT THE INSTITUTION IN THE PRECEDING  
26 ACADEMIC YEAR.

27 (2) (I) FOR FISCAL YEAR 2005, THE TUITION LIMITATION IN  
28 PARAGRAPH (1) OF THIS SUBSECTION ONLY APPLIES TO INSTITUTIONS OF THE  
29 UNIVERSITY SYSTEM OF MARYLAND IF THE AGGREGATE GENERAL FUND AND  
30 HIGHER EDUCATION INVESTMENT FUND APPROPRIATIONS FOR THE UNIVERSITY  
31 SYSTEM OF MARYLAND HAVE INCREASED AT LEAST 3.4% OVER THE ACTUAL  
32 APPROPRIATIONS FOR FISCAL YEAR 2004.

33 (II) FOR FISCAL YEAR 2005, THE TUITION LIMITATION IN  
34 PARAGRAPH (1) OF THIS SUBSECTION ONLY APPLIES TO MORGAN STATE UNIVERSITY  
35 IF THE AGGREGATE GENERAL FUND AND HIGHER EDUCATION INVESTMENT FUND  
36 APPROPRIATIONS HAVE INCREASED AT LEAST 3.4% OVER THE ACTUAL  
37 APPROPRIATIONS FOR FISCAL YEAR 2004.

38 (3) (I) FOR FISCAL YEARS 2006 ~~THROUGH 2008~~ AND 2007, THE TUITION  
39 LIMITATION IN PARAGRAPH (1) OF THIS SUBSECTION ONLY APPLIES TO

1 INSTITUTIONS OF THE UNIVERSITY SYSTEM OF MARYLAND IF THE AGGREGATE  
2 GENERAL FUND AND HIGHER EDUCATION INVESTMENT FUND APPROPRIATIONS FOR  
3 THE UNIVERSITY SYSTEM OF MARYLAND IN THAT FISCAL YEAR HAVE INCREASED AT  
4 LEAST 5% OVER THE APPROPRIATIONS FOR THE PRECEDING FISCAL YEAR.

5 (II) FOR FISCAL YEARS 2006 ~~THROUGH 2008~~ AND 2007, THE TUITION  
6 LIMITATION IN PARAGRAPH (1) OF THIS SUBSECTION ONLY APPLIES TO MORGAN  
7 STATE UNIVERSITY IF THE AGGREGATE GENERAL FUND AND HIGHER EDUCATION  
8 INVESTMENT FUND APPROPRIATIONS IN THAT FISCAL YEAR HAVE INCREASED AT  
9 LEAST 5% OVER THE APPROPRIATIONS FOR THE PRECEDING FISCAL YEAR.

10 (D) THE BOARD OF REGENTS OF THE UNIVERSITY SYSTEM OF MARYLAND AND  
11 THE BOARD OF REGENTS OF MORGAN STATE UNIVERSITY SHALL ESTABLISH  
12 POLICIES TO ACCOMMODATE ENROLLMENT GROWTH, AS PROJECTED BY THE  
13 COMMISSION, AT THEIR RESPECTIVE INSTITUTIONS FOR THE ACADEMIC YEARS  
14 BEGINNING IN THE FALL OF 2004 THROUGH THE FALL OF ~~2007~~ 2006.

15 (E) (1) THERE IS A HIGHER EDUCATION INVESTMENT FUND.

16 (2) THE PURPOSE OF THE FUND IS TO SUPPLEMENT GENERAL FUND  
17 APPROPRIATIONS TO PUBLIC SENIOR HIGHER EDUCATION INSTITUTIONS.

18 (3) THE FUND IS A SPECIAL, NONLAPSING FUND THAT IS NOT SUBJECT  
19 TO § 7-302 OF THE STATE FINANCE AND PROCUREMENT ARTICLE.

20 (4) THE TREASURER SHALL HOLD THE FUND AND THE COMPTROLLER  
21 SHALL ACCOUNT FOR THE FUND.

22 (5) THE PROCEEDS OF THE FUND SHALL BE INVESTED AND  
23 REINVESTED.

24 (6) ANY INVESTMENT EARNINGS SHALL BE PAID INTO THE FUND.

25 (7) THE FUND CONSISTS OF:

26 (I) REVENUES FROM THE SURCHARGE ON INCOME OF  
27 CORPORATIONS AS PROVIDED IN § 2-613.1 OF THE TAX - GENERAL ARTICLE; AND

28 (II) ANY OTHER MONEY FROM ANY OTHER SOURCE ACCEPTED FOR  
29 THE BENEFIT OF THE FUND.

30 (8) THE COMMISSION SHALL ADMINISTER THE FUND.

31 (9) MONEY IN THE FUND MAY ONLY BE EXPENDED TO SUPPLEMENT  
32 GENERAL FUND APPROPRIATIONS TO PUBLIC SENIOR HIGHER EDUCATION  
33 INSTITUTIONS.

34 (10) EXPENDITURES FROM THE FUND MAY ONLY BE MADE IN  
35 ACCORDANCE WITH AN APPROPRIATION APPROVED BY THE GENERAL ASSEMBLY IN  
36 THE ANNUAL STATE BUDGET.

1           (11)    ANY BALANCE REMAINING IN THE FUND AT THE END OF JUNE 30,  
2 ~~2008 2007~~ SHALL BE TRANSFERRED TO THE GENERAL FUND OF THE STATE. IT IS THE  
3 INTENT OF THE GENERAL ASSEMBLY THAT THESE MONEYS BE USED TO SUPPORT  
4 HIGHER EDUCATION.

5 16-305.

6       (c)     (1)     (i)     The total State operating fund per full-time equivalent student  
7 to the community colleges for each fiscal year as requested by the Governor shall be:

8                           1.     In each of fiscal years 2003 and 2004, not less than an  
9 amount equal to 23.1% of the State's General Fund appropriation per full-time  
10 equivalent student to the 4-year public institutions of higher education in the State  
11 as designated by the Commission for the purpose of administering the Joseph A.  
12 Sellinger Program under Title 17 of this article in the previous fiscal year;

13                           2.     In fiscal year 2005, not less than an amount equal to 24%  
14 of the State's General Fund appropriation per full-time equivalent student to the  
15 4-year public institutions of higher education in the State as designated by the  
16 Commission for the purpose of administering the Joseph A. Sellinger Program under  
17 Title 17 of this article in the previous fiscal year; and

18                           3.     In fiscal year 2006 and each fiscal year thereafter, not less  
19 than an amount equal to 25% of the State's General Fund [appropriation] AND  
20 HIGHER EDUCATION INVESTMENT FUND APPROPRIATIONS per full-time equivalent  
21 student to the 4-year public institutions of higher education in the State, as  
22 designated by the Commission for the purpose of administering the Joseph A.  
23 Sellinger Program under Title 17 of this article in the previous fiscal year.

24                           (ii)    For purposes of this subsection, the State's General Fund  
25 [appropriation] AND HIGHER EDUCATION INVESTMENT FUND APPROPRIATIONS per  
26 full-time equivalent student to the 4-year public institutions of higher education in  
27 the State for the previous fiscal year shall reflect any amendments or reductions to  
28 the appropriation for the previous fiscal year.

29 16-512.

30       (a)     (1)     The total State operating fund per full-time equivalent student  
31 appropriated to Baltimore City Community College for each fiscal year as requested  
32 by the Governor shall be:

33                           (i)     In each of fiscal years 2003 and 2004, not less than an amount  
34 equal to 60.9% of the State's General Fund appropriation per full-time equivalent  
35 student to the 4-year public institutions of higher education in the State as  
36 designated by the Commission for the purpose of administering the Joseph A.  
37 Sellinger Program under Title 17 of this article in the previous fiscal year;

38                           (ii)    In fiscal year 2005, not less than an amount equal to 63.4% of  
39 the State's General Fund appropriation per full-time equivalent student to the  
40 4-year public institutions of higher education in the State as designated by the

1 Commission for the purpose of administering the Joseph A. Sellinger Program under  
2 Title 17 of this article in the previous fiscal year; and

3 (iii) In fiscal year 2006 and each fiscal year thereafter, not less than  
4 an amount equal to 66% of the State's General Fund [appropriation] AND HIGHER  
5 EDUCATION INVESTMENT FUND APPROPRIATIONS per full-time equivalent student  
6 to the 4-year public institutions of higher education in the State as designated by the  
7 Commission for the purpose of administering the Joseph A. Sellinger Program under  
8 Title 17 of this article in the previous fiscal year.

9 (2) For purposes of this subsection, the State's General Fund  
10 [appropriation] AND HIGHER EDUCATION INVESTMENT FUND APPROPRIATIONS per  
11 full-time equivalent student to the 4-year public institutions of higher education in  
12 the State for the previous fiscal year shall reflect any amendments or reductions to  
13 the appropriation for the previous fiscal year.

14 17-104.

15 (a) The Maryland Higher Education Commission shall compute the amount of  
16 the annual apportionment for each institution that qualifies under this subtitle by  
17 multiplying:

18 (1) The number of full-time equivalent students enrolled at the  
19 institution during the fall semester of the fiscal year preceding the fiscal year for  
20 which the aid apportionment is made, as determined by the Maryland Higher  
21 Education Commission times;

22 (2) (i) In each of fiscal years 2003 and 2004, an amount not less than  
23 14.3% of the State's General Fund per full-time equivalent student appropriation to  
24 the 4-year public institutions of higher education in this State for the preceding fiscal  
25 year;

26 (ii) In fiscal year 2005, an amount not less than 15.2% of the State's  
27 General Fund per full-time equivalent student appropriation to the 4-year public  
28 institutions of higher education in this State for the preceding fiscal year; and

29 (iii) In fiscal year 2006 and each fiscal year thereafter, an amount  
30 not less than 16% of the State's General Fund AND HIGHER EDUCATION INVESTMENT  
31 FUND APPROPRIATIONS per full-time equivalent student [appropriation] to the  
32 4-year public institutions of higher education in this State for the preceding fiscal  
33 year.

34 (b) Full-time equivalent students enrolled in seminarian or theological  
35 programs shall be excluded from the computation required by subsection (a) of this  
36 section.

37 (c) Payments of State general funds under Subtitle 3 of this title shall be  
38 excluded from the computation required by subsection (a) of this section.

1 (d) For purposes of this section, the State's General Fund [appropriation]  
2 AND HIGHER EDUCATION INVESTMENT FUND APPROPRIATIONS per full-time  
3 equivalent student to the 4-year public institutions of higher education in the State  
4 for the previous fiscal year shall reflect any amendments or reductions to the  
5 appropriation for the previous fiscal year.

6 SECTION 2. AND BE IT FURTHER ENACTED, That the Laws of Maryland  
7 read as follows:

8 **Article - Tax - General**

9 2-613.1.

10 AFTER MAKING THE DISTRIBUTION REQUIRED UNDER § 2-613 OF THIS  
11 SUBTITLE, THE COMPTROLLER SHALL DISTRIBUTE TO THE HIGHER EDUCATION  
12 INVESTMENT FUND ESTABLISHED UNDER § 15-106.3 OF THE EDUCATION ARTICLE  
13 THE REVENUE FROM THE SURCHARGE ON INCOME OF CORPORATIONS IMPOSED  
14 UNDER § 10-102(2) OF THIS ARTICLE.

15 2-614.

16 After making the [distribution] DISTRIBUTIONS required under [§ 2-613] §§  
17 2-613 AND 2-613.1 of this subtitle, the Comptroller shall distribute monthly 24% of the  
18 remaining income tax revenue from corporations to the Gasoline and Motor Vehicle  
19 Revenue Account in the Transportation Trust Fund.

20 2-615.

21 After making the distributions required under §§ [2-613 and 2-614] 2-613,  
22 2-613.1, AND 2-614 of this subtitle, the Comptroller shall distribute the remaining  
23 income tax revenue from corporations to the General Fund of the State.

24 10-101.

25 (j) (1) "State income tax" means the State tax on income imposed under this  
26 title.

27 (2) "STATE INCOME TAX" INCLUDES THE SURCHARGE ON INCOME OF  
28 CORPORATIONS IMPOSED UNDER § 10-102(2) OF THIS SUBTITLE.

29 10-102.

30 Except as provided in § 10-104 of this subtitle[,]:

31 (1) a tax is imposed on the Maryland taxable income of each individual  
32 and of each corporation; AND

33 (2) FOR A TAXABLE YEAR BEGINNING AFTER DECEMBER 31, 2003, BUT  
34 BEFORE JANUARY 1, ~~2008~~ 2007, IN ADDITION TO THE TAX IMPOSED UNDER ITEM (1) OF

1 THIS SECTION, A SURCHARGE IS IMPOSED ON THE MARYLAND TAXABLE INCOME OF  
2 EACH CORPORATION.

3 10-105.

4 (b) (1) [The] SUBJECT TO PARAGRAPH (2) OF THIS SUBSECTION, THE State  
5 income tax rate for a corporation is 7% of Maryland taxable income.

6 (2) THE RATE OF THE SURCHARGE IMPOSED UNDER § 10-102(2) OF THIS  
7 SUBTITLE IS ~~12.86%~~ 10% OF THE TAX IMPOSED UNDER PARAGRAPH (1) OF THIS  
8 SUBSECTION.

9 SECTION 3. AND BE IT FURTHER ENACTED, That, notwithstanding the  
10 provisions of § 15-106.3 of the Education Article as enacted under Section 1 of this  
11 Act, for fiscal year 2005 only and from those additional revenues resulting from this  
12 Act that are credited to the Higher Education Investment Fund for fiscal year 2005,  
13 and from no other funds, and subject to the provisions of law relating to budgetary  
14 procedure to the extent applicable, the amounts specified below are hereby  
15 appropriated and authorized to be disbursed from as much of those additional  
16 revenues as are received by the State:

17 MORGAN STATE UNIVERSITY

18 R75T Morgan State University

19 In addition to the amount appropriated in the budget bill for fiscal year 2005, to  
20 supplement the appropriation for fiscal year 2005, the following amount to be used to  
21 offset the reduction of tuition for in-state undergraduate students for the academic  
22 year beginning in the fall of 2004 as required under this Act and for other purposes  
23 necessary to provide high quality and affordable post-secondary education and to  
24 fulfill the mission of Morgan State University:

25 Special Fund Appropriation \$1,600,000

26 UNIVERSITY SYSTEM OF MARYLAND

27 R75T University System of Maryland

28 In addition to the amount appropriated in the budget bill for fiscal year 2005, to  
29 supplement the appropriation for fiscal year 2005, the following amount to be used to  
30 offset the reduction of tuition for in-state undergraduate students for the academic  
31 year beginning in the fall of 2004 as required under this Act and for other purposes  
32 necessary to provide high quality and affordable post-secondary education and to  
33 fulfill the mission of the University System of Maryland:

34 Special Fund Appropriation \$25,400,000

35 SECTION 4. AND BE IT FURTHER ENACTED, That it is the intent of the  
36 General Assembly to continue to support Maryland's historically black institutions in

1 accordance with the agreement reached between the State of Maryland and the  
2 United States Department of Education, Office of Civil Rights in December 2000.

3 SECTION 5. AND BE IT FURTHER ENACTED, That:

4 (a) The Board of Regents of the University System of Maryland shall continue  
5 its effectiveness and efficiency initiative, established by the Board on June 27, 2003.

6 (b) On or before December 1, 2004, the Board shall submit, in accordance with  
7 § 2-1246 of the State Government Article, a report to the Governor and to the fiscal  
8 and education committees of the General Assembly.

9 (c) The report shall include the Board's findings and recommendations  
10 regarding:

11 (1) management strategies for achieving efficiencies in the operation of  
12 the University System of Maryland and its constituent institutions, including:

13 (i) consolidation and coordination of business and administrative  
14 functions;

15 (ii) consolidation, merger, or restructuring of institutions, centers,  
16 branches, or institutes; and

17 (iii) continuation or termination of low productivity or low degree  
18 programs;

19 (2) strategies for managing future enrollment increases in a cost  
20 effective manner, including:

21 (i) use of regional education centers;

22 (ii) distribution of projected enrollment increases to institutions  
23 that can accept additional students at a relatively lower cost;

24 (iii) in cooperation with the Maryland Association of Community  
25 Colleges, partnerships with community colleges across the State; and

26 (iv) increased use and coordination of on-line and distance  
27 education;

28 (3) initiatives to manage enrollment growth by shortening the time it  
29 takes a student to earn a baccalaureate degree, including:

30 (i) improved utilization of existing facilities and resources;

31 (ii) utilization of existing faculty, recognizing time considerations  
32 associated with research, student contact, preparation, professional and  
33 administrative duties, and public service; and

1 (iii) examining credit requirements for baccalaureate degree  
2 programs;

3 (4) entrepreneurial efforts to better leverage General Fund support  
4 provided by the State, including the development and expansion of institution-based  
5 research parks; and

6 (5) efforts to improve access and affordability through the use of  
7 scholarship aid based on student financial need.

8 SECTION 6. AND BE IT FURTHER ENACTED, That, for fiscal year 2005, the  
9 University System of Maryland shall attain effectiveness and efficiency savings of at  
10 least \$17,000,000.

11 SECTION 7. AND BE IT FURTHER ENACTED, That the Board of Regents of  
12 the University System of Maryland shall study the tuition policies for out-of-state  
13 students at the constituent institutions of the University System of Maryland and  
14 selected peer institutions and recommend changes, as appropriate, to these policies.  
15 The Board shall submit the study, in accordance with § 2-1246 of the State  
16 Government Article, to the Governor and to the fiscal and education committees of  
17 the General Assembly by December 1, 2004.

18 SECTION 8. AND BE IT FURTHER ENACTED, That:

19 (a) The Board of Regents of Morgan State University shall conduct an  
20 effectiveness and efficiency initiative and by December 1, 2005, the Board shall  
21 submit, in accordance with § 2-1246 of the State Government Article, a report to the  
22 Governor and to the fiscal and education committees of the General Assembly.

23 (b) The Board shall include in its report findings and recommendations  
24 regarding:

25 (1) management strategies for achieving efficiencies in the operation of  
26 Morgan State University;

27 (2) strategies for managing future enrollment growth in a cost effective  
28 manner; and

29 (3) efforts to improve access and affordability through the use of  
30 scholarship aid based on student financial need.

31 SECTION 9. AND BE IT FURTHER ENACTED, That, for a taxable year  
32 beginning after December 31, 2003 but before January 1, 2005:

33 (a) A corporation's estimated tax payments for the taxable year that are due on  
34 or after July 1, 2004 shall reflect the income tax surcharge imposed under § 10-102(2)  
35 of the Tax - General Article, as enacted by Section 2 of this Act; ~~and~~

36 (b) Notwithstanding §§ 13-602 and 13-702 of the Tax - General Article, except  
37 as provided in subsection (c) of this section and subject to §§ 13-606 and 13-714 of the

1 Tax - General Article, the Comptroller shall assess interest and penalties under §§  
2 13-602 and 13-702 of the Tax - General Article if a corporation pays estimated  
3 income tax for the taxable year in an amount less than 90% of the tax required to be  
4 shown on the corporation's income tax return for the taxable year.

5 (c) The Comptroller may not impose interest or penalty relating to  
6 underpayment of estimated income tax for a payment that was due before July 1, 2004,  
7 to the extent that the interest or penalty would not have been incurred but for the  
8 income tax surcharge imposed under § 10-102(2) of the Tax - General Article as  
9 enacted by Section 2 of this Act.

10 SECTION 10. AND BE IT FURTHER ENACTED, That:

11 (a) The General Assembly and Governor shall establish a commission to study  
12 the coordination, funding, educational delivery, and State commitment to higher  
13 education in Maryland.

14 (b) The commission shall consider:

15 (1) Methods to provide a combined level of State funding support and  
16 tuition revenue to enable Maryland's public institutions of higher education to meet the  
17 goals of the Maryland Charter for Higher Education and compete with peer  
18 institutions across the country; and

19 (2) Other issues related to State funding and tuition revenue for public  
20 institutions of higher education.

21 (c) The commission shall be composed of:

22 (1) Four members of the Senate of Maryland, appointed by the President  
23 of the Senate;

24 (2) Four members of the House of Delegates, appointed by the Speaker of  
25 the House;

26 (3) The Secretary of Higher Education;

27 (4) The President of the University of Maryland, College Park or a  
28 designee of the President;

29 (5) The President of the University of Maryland University College or a  
30 designee of the President;

31 (6) The President of the University of Maryland, Baltimore or a designee  
32 of the President;

33 (7) The President of Morgan State University or a designee of the  
34 President;

35 (8) The President of The Johns Hopkins University or a designee of the  
36 President;

1           (9)     One member of the Board of Regents of the University System of  
2 Maryland;

3           (10)    The Chancellor of the University System of Maryland or a designee of  
4 the Chancellor;

5           (11)    Three community college presidents, appointed jointly by the  
6 President of the Senate and the Speaker of the House;

7           (12)    One representative of the Maryland Independent College and  
8 University Association; and

9           (13)    Two members of the public appointed by the Governor.

10        (d)     The chairman of the commission shall be jointly appointed by the Governor,  
11 the President of the Senate, and the Speaker of the House.

12        (e)     The commission shall solicit the views of the public, the Board of Regents of  
13 the University System of Maryland, the members of the boards of visitors established  
14 by the presidents of the constituent institutions of the University System of Maryland,  
15 the members of the Maryland Higher Education Commission, and leading national  
16 experts in higher education, including the American Association of State Colleges and  
17 Universities, the National Association of State Universities and Land Grant Colleges,  
18 and the Southern Regional Education Board.

19        (f)     The commission shall engage the services of the Education Commission of  
20 the States to conduct a study of the current and future funding needs of the constituent  
21 institutions of the University System of Maryland to assist each institution in reaching  
22 its stated mission and goals, including a history of State funding prior to the  
23 formation of the University System of Maryland in 1988 and during the years  
24 following the formation of the System.

25        (g)     The commission shall review options and make recommendations relating  
26 to the establishment of a consistent and stable funding mechanism to ensure  
27 accessibility while at the same time promoting policies to achieve national eminence at  
28 Maryland's public institutions of higher education.

29        (h)     The commission shall report its findings and recommendations to the  
30 Governor and, in accordance with § 2-1246 of the State Government Article, to the  
31 General Assembly by December 1, 2005.

32        (i)     The staff for the commission shall be provided and coordinated by the  
33 Department of Legislative Services. The Department of Budget and Management, the  
34 Maryland Higher Education Commission, and the University System of Maryland  
35 also shall assign staff to assist the commission.

36        (j)     Notice of each meeting of the commission shall be made public by delivering  
37 a copy of the meeting notice to the Legislative Information Officer, Room B-6,  
38 Department of Legislative Services, Legislative Services Building, 90 State Circle,

1 Annapolis, Maryland 21401-1991. The notice should be delivered no later than  
2 Tuesday afternoon at 4:00 p.m. for inclusion in the weekly Hearing Schedule.

3 SECTION ~~40~~ 11. AND BE IT FURTHER ENACTED, That this Act shall take  
4 effect July 1, 2004.